

Message Text

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TO USMISSION USBERLIN IMMEDIATE

AMEMBASSY BONN IMMEDIATE

INFO AMEMBASSY LONDON PRIORITY

AMEMBASSY PARIS

USMISSION NATO

AMEMBASSY MOSCOW

C O N F I D E N T I A L STATE 033784

E.O. 11652: GDS

TAGS: PFOR, EAIR, WB, US, UK, FR, GW

SUBJECT: DECISION OF PAN AMERICAN ON BERLIN AIR SERVICE

-- PROPOSALS

REFS: A.) STATE 29268 B.) BONN 1564 C.) USBERLIN 208

-- D.) USBERLIN 230

1.) SUMMARY: DEPARTMENT HAS ADVISED PAN AM THAT USG SUPPORTS IN PRINCIPLE IGS ROUTE DIVISION PROPOSAL BUT IS CONFIDENTIAL

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OPPOSED TO BFG/PAN AMERICAN SUGGESTION THAT AIRLINE REMAIN

AT TEMPELHOF. DEPARTMENT TOLD PAN AM THAT WE WOULD REVIEW FARE INCREASE PROPOSAL ONCE FINANCIAL DATA HAD BEEN RECOMPUTED TO SHOW EFFECT OF ROUTE DIVISION.

2.) DEPARTMENT OFFICERS MET WITH PAN AM'S WASHINGTON DIRECTOR FOR INTERNATIONAL AFFAIRS, HAMBLETON, FEBRUARY 12 TO DISCUSS FARE INCREASE PROPOSAL, IGS ROUTE DIVISION, AND PAN AM'S PLAN TO REMAIN AT TEMPELHOF. DEPARTMENT OFFICERS EXPRESSED THEIR UNHAPPINESS WITH PAN AM'S FAILURE TO CONSULT PRIOR TO NEGOTIATION ON IGS ROUTE DIVISION ARRANGEMENT WITH BRITISH AIRWAYS AND EXPLAINED THAT ISSUE HAS BEEN UNDUELY CONFUSED AS A RESULT.

3.) DEPARTMENT HAD DECIDED, HOWEVER, AFTER DUE CONSIDERATION, THAT IT HAS NO POLITICAL OBJECTION TO ROUTE DIVISION IN PRINCIPLE, BUT THAT WE WOULD LIKE TO HAVE AIRLINES AND CAA'S CONSIDER SOME MINOR SCHEDULING AND FREQUENCY MODIFICATIONS WHICH WE FELT WOULD BENEFIT TRAVELLING PUBLIC.

4.) DEPTOFFS EXPLAINED THERE WAS SOME QUESTION WHETHER DEPARTMENT COULD EXEMPT PAN AM FROM POSSIBLE ANTI-TRUST ACTION AND STATED WE WOULD NOT PRESUME TO TAKE ACTION IN THIS REGARD. PAN AMERICAN WOULD HAVE TO ASSUME ANY RESPONSIBILITY IN THIS AREA, AND WOULD BE FREE TO TAKE ANY FURTHER ACTION TO SATISFY ITSELF THAT IT HAD MET ITS LEGAL OBLIGATIONS AS IT SAW THE NEED TO DO SO.

5.) DEPTOFFS EXPLAINED THAT THEY APPRECIATED THAT REMAINING AT TEMPELHOF WOULD KEEP PAN AM'S OPERATING EXPENSES DOWN, BUT THAT IT WOULD BE POLITICALLY IMPOSSIBLE FOR FRG AND SENAT, WHICH HAD INVESTED MILLIONS IN TEGEL, TO ACCEPT SUCH A DECISION. WERE PAN AM TO ATTEMPT TO PUSH FOR RIGHT TO REMAIN AT TEMPELHOF IT WOULD LEAD TO LARGE SCALE BATTLE WITH GERMANS AND HAVE LONG TERM UNDESIRABLE POLITICAL EFFECTS FOR BOTH AIRLINE AND US GOVERNMENT. ACCORDINGLY DEPTOFFS EXPRESSED HOPE PAN AM WOULD WITHDRAW CONSIDERATION FROM THEIR PLANS TO REMAIN AT TEMPELHOF. PAN AM REP REPLIED THAT HE WOULD HAVE TO GET FINAL WORD FROM NEW YORK, BUT HE THOUGHT THAT PAN AM,

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WHICH HAD RECEIVED REPORTS OF SENAT, FRG AND BRITISH AIRWAYS OPPOSITION TO THE PROPOSAL, WOULD AGREE TO MOVE TO TEGEL AS PLANNED.

6.) DEPTOFFS TOLD PAN AM THAT WE FELT FARE INCREASE WOULD HAVE TO BE RECONSIDERED AFTER DATA HAD BEEN SUPPLIED BY BOTH AIRLINES TAKING INTO ACCOUNT EFFECT OF PROPOSED ROUTE DIVISION. SPEAKING FRANKLY DEPTOFFS SAID THEY

DOUBTED PAN AM WOULD BE ABLE TO PRESENT GOOD CASE FOR INCREASE, BUT INDICATED WILLINGNESS TO KEEP OPEN MIND ON MATTER.

7.) PAN AM WILL INFORM ITS BERLIN DIRECTOR OF ABOVE.

ANNOUNCING PAN AM DECISION TO MOVE TO TEGEL (WHICH BE WORKED OUT BETWEEN RUNNETTE AND USBER. OUR PRELIMINARY THINKING IS FOR MISSION TO INFORM SENAT AND FOR PAN AM TO MAKE SOME FORM OF PRESS ANNOUNCEMENT. USBER'S VIEW WOULD BE WELCOMED.

8.) PAN AM AND DEPTOFFS AGREED THAT NO ANNOUNCEMENT SHOULD BE MADE ON ROUTE DIVISION PENDING FINAL REVIEW OF LEGAL QUESTIONS BY DEPT AND PAN AM. CAA SHOULD DRAW ON ABOVE TO BRIEF HIS UK AND FRENCH COLLEAGUES AND FRG CONTACTS ON CONFIDENTIAL BASIS. USBER MAY INFORM KEY SENAT OFFICIALS ON SAME BASIS IF IT DESIRES TO DO SO. INGERSOLL

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